

**REQUEST FOR PROPOSALS
FOR
SAFEKEEPING and BROKERAGE SERVICES**

**KAY IVEY
STATE TREASURER OF ALABAMA**

Issue Date: May 15, 2009
Proposal Due Date: June 15, 2009

1. Overview

State Treasurer Kay Ivey (hereinafter “Treasurer”) solicits proposals from qualified professional firms interested in providing safekeeping and brokerage services (hereinafter “Firm”) to the Unclaimed Property Program.

This Request for Proposals (hereinafter “RFP”) is issued in accordance with the requirements of Section 41-16-72(4), Code of Alabama (1975). This RFP is not an offer to contract but seeks the submission of proposals from interested firms that may form the basis for negotiation of a Brokerage Agreement. *The Treasurer reserves the right to reject any or all proposals and to solicit additional proposals if that is determined to be in the best interests of the State of Alabama.*

2. Background.

The Treasurer administers the Unclaimed Property Program in accordance with Section 35-12-70 through 35-12-96, Code of Alabama (1975). The mission of the program is to receive, manage, and reunite abandoned property with legal owners or their heirs in accordance with the law. Unclaimed assets may consist of cash, safe deposit box contents, stocks, bonds, or mutual funds. The Treasurer serves as custodian of these assets until they are returned to the rightful owner(s). Currently, the Alabama unclaimed property database consists of approximately 3.1 million owner records representing over \$340 million in assets.

The Treasurer receives approximately 400 – 600 security issues and returns approximately 150 security issues annually. The broker shall be required receive physical and book entry securities, retrieve book entry and DRP shares, liquidate securities, return securities to customers, and receive and report dividends, increments, and stock actions. The total number of transactions which include the receipt, distribution, and/or liquidation of securities will vary on a monthly basis. Although, the timely implementation, reporting of the securities, and associated broker/custodian fees necessary to support the efficiency and cost effectiveness of the Treasury program will be an essential requirement in the contractor selection process. The Treasurer is authorized to sell the securities upon receipt at prices prevailing at the time of sale or receive and hold securities for periods of time. Considering the current economic recession, the Treasurer has temporarily ceased the immediate sale of securities and will hold all securities until further notice. The Treasurer seeks a firm to receive, deposit, safeguard, sell, and remit proceeds of these securities, under the direction of the Treasurer.

Additional information about the Unclaimed Property Program is available on the Treasurer’s website www.treasury.alabama.gov.

3. Scope of Services.

The selected firm is expected to provide fixed income and equity custody services, income collection, reporting, and to execute sale/transfer transactions (See exhibit B).

4. Fees

Please complete Exhibit C detailing the fees charged for safekeeping and brokerage services. The Firm shall be entitled to receive monthly or quarterly compensation, in arrears. It is expected that the successful proposal will result in a contract to provide these services for two years, with an option to extend for one additional two-year term.

5. Minimum Qualifications.

In order to be considered for selection, Exhibit D must be included in the response as documented proof that the following minimum qualifications listed below are met.

(a) The Firm will be qualified with the Secretary of State to conduct business in the State of Alabama, if selected. For more information, visit the Secretary of State website at www.sos.state.al.us and click Corporations.

(b) The Firm is a SEC registered investment advisor or is exempt from registration.

(c) The Firm has been providing safekeeping and brokerage services for at least five (5) years.

(d) The Firm currently provides safekeeping and brokerage services for portfolios in excess of \$50 million.

(e) The Firm and its personnel has all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP.

(f) The Firm carries, or will carry, errors and omissions insurance or a comparable instrument to cover the firm's negligent acts or omissions.

(g) The Firm maintains sufficient procedures and redundancy capabilities to assure continued processing in an emergency.

(h) The Firm has a company policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.

(i) The Firm attests that all workers providing the services described in this RFP are either citizens of the United States or are in proper and legal immigration status that authorizes them to be employed for pay within the United States.

6. Proposal Required Information.

Proposals should be as thorough and detailed as possible so that your capabilities to provide the required services can be properly evaluated.

To be considered, responses to this RFP must include:

1. **Cover page**
2. **Exhibit A**, Company Background
3. **Exhibit B**, Scope of Services
4. **Exhibit C**, Statement of Fees
5. **Exhibit D**, Minimum Qualifications and Miscellaneous Information
6. All proposals submitted in response to this RFP must include one original and completed Disclosure Statement as required by Section 41-16-80, et seq., Code of Alabama (1975). Copies of the Disclosure Statement, and information, may be downloaded from the Alabama Attorney General's web site at www.ag.state.al.us/ag_items.cfm.

7. Submission of Proposals.

Issuing Office: Office of State Treasurer Kay Ivey
Alabama State Capitol
600 Dexter Avenue, Suite S106
Montgomery, Alabama 36104

Submission Deadline: It is the responsibility of the Firm to ensure that its proposal is timely delivered and received in the Treasurer's Office on or before 5:00 p.m. CST on June 15, 2009.

Provide an original proposal response plus three additional copies to facilitate our response evaluation process. Email an electronic copy of the response to alatreas@treasury.alabama.gov for retention purposes. The response may be emailed by the submission deadline with the paper documents delivered within two business days.

It is the responsibility of the Firm to ensure that the proposal is timely delivered and received on or before the deadline for responding to this RFP. The Treasurer will not consider proposals received after the date and time specified herein. The Treasurer assumes no responsibility for late delivery by the U.S. Mail, the State's Central Mail Facility, a commercial courier service, or any other method of delivery selected by the Proposer.

Questions and Inquiries: The sole point of contact for purposes of this RFP is Chad Wright, Unclaimed Property Assistant Director. Any questions or inquiries should be emailed to him at chad.wright@treasury.alabama.gov. All written questions should be submitted by June 10, 2009. Written responses to written questions and inquiries shall be posted on the Treasurer's website. Any oral communications shall be considered unofficial and nonbinding on Treasury and shall be strictly limited to questions from responders seeking clarification of the RFP.

Rejection of all Proposals: The Treasurer reserves the right to reject any or all proposals and/or to solicit additional proposals if that is determined to be fiscally advantageous to the State or otherwise in its best interests.

8. Evaluation and Selection.

All proposals timely received will be reviewed and evaluated by a Proposal Evaluation Committee. The Committee will recommend proposals to the Treasurer that most closely address the requirements of the RFP. The following will be used in making the selection.

Corporate Information	25 Points
Work Required	25 Points
Fees	40 Points
Located in Alabama	5 Points
Creative Solutions	5 Points

It is the intent of the Treasurer to do business with Alabama firms that pay Alabama taxes and employ Alabama citizens. When all factors are equal, corporations located in Alabama will be given preference.

After the review and evaluation of the proposals, the Committee may recommend that the Treasurer conduct interviews. Finalists chosen for interviews, if necessary, will be notified. The Treasurer reserves the right to request a best and final offer for fees from finalists.

The Treasurer will select the Firm the Treasurer determines, in her sole discretion, to be fully qualified and best suited among those submitting proposals to fulfill the purposes of the RFP in a cost effective manner. *All proposals received in response to this RFP may be rejected and the Treasurer may elect to solicit additional proposals.*

The Treasurer shall post the RFP on the treasury website www.treasury.alabama.gov. Interested parties may monitor the progress and status of this RFP process on the website.

9. Efforts to Influence Selection Process Prohibited

The integrity of the Request for Proposals process is of primary importance and will not be compromised. Any written or oral communications beyond the RFP response made by responders, or others on their behalf, whether paid or unpaid, to influence the selection process, from the time the RFP is issued through its conclusion, made directly or indirectly to the Treasurer or Treasury staff will be grounds for immediate elimination from the selection process.

10. Agreement

All duties of the Firm shall be set forth in a contract agreement between the selected firm and the Treasurer. Constraints set by the Legislative Contract Review Committee determine that the contract will be for a two year term. It is expected that the agreement will provide an extension of one additional two year term. The contract will incorporate reference to the requirements of the RFP and the Firm's proposal as negotiated.

State law prohibits the Treasurer from agreeing to (1) indemnify the Custodian; (2) waive the right for jury trial; (3) grant a security interest; or (4) binding arbitration. Additionally, it is mandatory that Alabama laws apply to the performance of the contract and that jurisdiction and venue be in Montgomery, Alabama for state and federal courts.

11. Public Information

All responses received will be subject to the Alabama Open Records Act, §36-12-40, Code of Alabama and may be subject to public disclosure upon request. The Open Records Act is remedial and should therefore be liberally construed in favor of the public. The Alabama Trade Secrets Act is §8-27-1 through §8-27-6, Code of Alabama. Responders are cautioned to be familiar with these statutes. The burden is on the one asserting the trade secret to show that the information sought to be protected meets the definition of a Trade Secret as defined in the Act.

Any RFP response submitted that contains confidential, trade secrets or proprietary commercial information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as such. Identification of the entire bid proposal as confidential is not acceptable unless the Firm enumerates the specific grounds or applicable laws which support treatment of the entire material as protected from disclosure according to the foregoing statutes or other applicable Alabama law.

The owner of the confidential information shall indemnify and hold the State of Alabama, the State Treasurer, and Treasury staff harmless from all costs or expenses, including but not limited to attorney fees and expenses related to litigation concerning disclosure of said information and documents.

Exhibit A

Company Background

Note: Do NOT attach pre-printed marketing/informational brochures, etc. in answer to any of the following questions unless specifically allowed in the question.

Part I. Organization

1. Provide an overview of your firm, including corporate profile, ownership structure, financial condition, overall business objectives, services/products offered, and strategic plans for growth.
2. Provide details of any past or pending litigation relating to your firm, individual personnel, or to the management of client assets.
3. Provide details of any SEC or state regulatory action taken against your firm or any of its owners/personnel.
4. Provide details of all SEC fidelity bonds, errors and omissions coverage, and any other fiduciary insurance, which your firm carries.
5. Provide details of any claims, disputes, litigation or other legal proceedings where your firm is involved with the State of Alabama or any of its agencies, or has been involved, in the three preceding years.
6. Describe any activities in which the Bank is engaged which may constitute a conflict of interest.
7. Describe factors or reasons we should consider your firm more favorably than your competitors.
8. Describe your external audit processes of your custodian system. Has the firm ever received a qualified opinion? If so, please provide detail.
9. Provide a copy of your latest audit and SAS 70.

Part II. Account Management

1. Provide the following information on at least 3 Clients (including contact persons) for whom similar services as described in this RFP are provided:
 - a. Company
 - b. Address
 - c. Contact
 - d. Telephone Number
 - e. Length of Relationship in Years
 - f. Description of services provided
2. Provide an organizational chart and biographies of the person/persons/or team members who will be assigned to this account, including detailed experience relevant to this type account.

3. Provide a breakdown of separate domestic brokerage accounts maintained as of March 31, 2009.

Size of Account	Number of Accounts
Under \$1 Million	
\$1 to \$5 Million	
\$5 to \$10 Million	
Over \$10 Million	

4. Do you currently provide services described in this RFP for any other unclaimed property divisions? If so, please provide state name.

Exhibit B

Scope of Services

Creative Solutions and Alternative Suggestions

Firms are encouraged to be as creative as possible in responding to this RFP. Based on your review of the background information, specific needs and requirements, discuss any creative approaches to this service which have not been specifically requested or would enhance efficiency and/or reduce costs.

1. Safekeeping

- Describe your procedures for handling physical securities.
- What do you suggest to encourage holders of unclaimed property to transmit securities electronically versus physical?
- Describe your procedures for book-entry securities.
- Briefly describe your safekeeping computer system. Is online access available to the Treasury staff? If so, describe capabilities.
- We receive a limited amount of international equity securities. Explain your international custody services, including sub-custodial arrangements.
- Do you provide proxy voting services?
- What are your procedures for handling no value or worthless securities?
- Explain how securities are held in safekeeping, including separation from other accounts, and the benefits of trust versus custody.
- Describe your securities settlement and clearance procedures. Include an in-depth explanation of your relationship with DTC, PTC, FBE, and any other depositories and your participation in their services and processes.

2. Brokerage

- Explain your ability and processes in executing sales of securities. It is expected that authorized sales will occur within 7 days of receipt.
- Explain your willingness and ability to serve as our agent to resolve security receipt transactions, reconciliations, and similar issues with the reporting business or paying agent.
- Describe your procedures for collecting, posting and reporting dividends, mergers and splits. It is expected that this activity will decrease if sales are executed within 7 days of receipt.
- All cash accruals shall be maintained in an interest bearing account while held by the broker. No less than monthly, cash balances will be transferred electronically to a Treasurer account. Describe applicable transaction procedures.
- Describe your procedures for handling mutual fund transactions.

3. Reporting

- Describe your reporting capabilities. It is desirable for Treasury staff to have access to online reports including summary transaction reports, income receipts, trades executed, historical records, securities research, etc.
- Do you have the ability to customize reports?
- Are reports delivered hard copy, email, or available online?

EXHIBIT C

Statement of Fees

Submit a statement of fees for brokerage services in at least one of the following formats (All Inclusive and/or Transactional Method). If desired, your firm may elect to submit proposals for both options. However, in this case, the fees for each option must be indicated separately. All fees must be included as this will be the sole basis for compensation made. The Treasurer, at her sole discretion, may hold securities or elect to sell upon receipt. Average estimated monthly transactions are listed below. However, these ranges are general estimates and may fluctuate depending on whether or not the securities are being held or sold. Note, while securities transactions occur throughout the year, the majority of transactions occur during the peak months of October – December.

A. Option I: Custody Charge (All inclusive fee):

Provide a detailed account of all fees and associated services and specifically address any exclusions. Provide a single, all inclusive fee for custody service to include the following:

- Account maintenance/administrative fees (range of 100 – 800 securities held per month)
- Receipt of physical securities and DTC (range of 10 – 250 per month)
- Transfer of physical securities (minimal)
- Liquidation of securities via DTC (range of 0 – 175 per month)
- Transfer of securities via DTC (minimal)
- Processing of no value/worthless securities (range of 0 - 25 per month)
- Include proposed solution(s) and cost associated with managing dividend reinvestment plan (DRP) and book entry shares for the same security
- Receipt/sale/transfer of mutual fund/DRP shares (list separately from stock transactions)
- Online access
- Reporting
- Other (list)

B. Option II: Transactional Method of Custody Charge (Per transaction fee):

Provide an itemized, detailed listing of associated fees on a per transaction basis for the services listed below and specifically address any exclusions. Also, provide a detailed account of all services associated with the fees and specifically address any exclusions. In addition, provide an estimated annual cost based on the background information provided in this RFP. The following services should be included:

- Account maintenance/administrative fees (range of 100 – 800 securities held per month)
- Receipt of physical securities and DTC (range of 10 – 250 per month)
- Transfer of physical securities (minimal)
- Liquidation of securities via DTC (range of 0 – 175 per month)
- Transfer of securities via DTC (minimal)
- Processing of no value/worthless securities (range of 0 -25 per month)
- Include proposed solution(s) and cost associated with managing dividend reinvestment plan (DRP) and book entry shares for the same security
- Receipt/sale/transfer of mutual fund/DRP shares (list separately from stock transactions)
- Online access
- Reporting
- Other (list)

EXHIBIT D

MINIMUM QUALIFICATIONS and MISCELLANEOUS INFORMATION

1. My company will be qualified with the Secretary of State to conduct business in the State of Alabama, if selected.
Yes No
2. My company has been providing Broker services for at least five (5) years.
Yes No
3. My company currently provides Broker services for accounts with assets having a market value in excess of \$4 million.
Yes No
4. My company and its personnel has all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP.
Yes No
5. My company carries errors and omissions insurance or a comparable instrument to cover the firm's negligent acts or omissions.
Yes No
6. My company maintains sufficient procedures and redundancy capabilities to assure continued processing in an emergency.
Yes No
7. My company has a company policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.
Yes No
8. Provide comments, if any, regarding the language and content of the sample contract.
9. Primary Contact Concerning the Proposal:
Name:
Address:
Phone Number: Email: Fax:

By signing this Exhibit, I certify that I am authorized to bind the company, and that the foregoing information is correct and true.

Signature: _____ Date: _____

Print name of Signature: _____